

# Low level brand loyalty and the new brand image in the automotive market

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More than a third (35%) of current car owners who are considering purchasing a new car in the near future say they will possibly purchase a different car brand to the one that they have, according to a recent study by Ipsos. A third of car owners feel undecided.

"What this means is that car manufacturers count on less than 30% repeat purchase," states Rentia Krämer, head of Loyalty research at Ipsos South Africa. "This indicates a low level of brand loyalty in the automotive market."

The lack of attitudinal loyalty amongst car buyers is most noticeable amongst 25 to 34 year old vehicle owners and also amongst the higher income vehicle owners - obviously the most attractive buyer market for most automotive manufacturers.

"Seeing that potential car buyers are considering switching brands, what are the most important aspects influencing car brand choice amongst current car owners?" asks Krämer. According to the study, 28% of vehicle owners stated that price was the most important factor to consider when purchasing a vehicle. This was followed by brand reputation (15%), fuel efficiency (13%) and engine size (12.5%) as being the most important factors being considered during the car purchase decision.

The study also shows a subtle trend towards down-scaling - 28% of current car owners said that they are considering buying smaller cars in terms of price, actual size and engine size.

## The power of positive experience

"These price/cost factors are most likely influenced by the general economic conditions, inflation and ever-increasing pressure on household budgets," says Krämer. "However we also know that brand reputation is largely influenced by experience, indicating the importance of positive experiences with the brand throughout the ownership experience and in particular at the key experience touch points. In turn these positive experiences drive positive loyalty behaviours such as willingness to buy again and brand advocacy."

Automotive brands are built based on experience insofar as using the vehicle itself, the sales and after-sales service offered by the manufacturer and of course the dealership as a representative of the manufacturer. As marketing mechanisms become diversified, the impact of traditional advertising and communication becomes diluted over time (especially with the advent and growth of digital media). A positive customer experience, as a key component to build brand reputation contribute greatly towards brand loyalty - "The customer experience of these key areas of vehicle ownership can therefore be dubbed the new brand image," concludes Krämer.

## About the study

Ipsos regularly conducts a nationally representative survey that proved extremely accurate in the recent elections in measuring the views and opinions of South Africans. Ipsos South Africa is a leading research agency with a focus on measuring customer experience and loyalty and has been a trusted supplier of market information to the automotive industry for the past 25 years. Ipsos owns the Ipsos Quality Awards, a reliable measure of how car owners rate the quality of different vehicle brands, combined with the buying and after-sales experience of vehicle ownership.

A total of 3,730 personal face-to-face interviews were conducted with randomly selected adult South Africans. The interviews were done in the homes and home languages of respondents. Trained quantitative fieldworkers from all

population groups were responsible for the interviewing, which took place from 20 February to 28 March 2014. This methodology ensured that the results are representative of the views of the universe and that findings can be weighted and projected to the universe - i.e. South Africans 18 years and older.

Interviews were done using CAPI (Computer Assisted Personal Interviewing) and all results were collated and analysed in an aggregate format to protect the identity and confidentiality of respondents.

All sample surveys are subject to a margin of error, determined by sample size, sampling methodology and response rate. The sample error for the sample as a whole at a 95% confidence level is a maximum of 1,67%. When analysing the results for smaller parties or overall Provincial party share in particular on an individual party basis the margin of error will be higher.

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